

**RIO DELL CITY COUNCIL
STUDY SESSION
MAY 11, 2010
MINUTES**

A Study Session of the Rio Dell City Council was called to order at 6:30 P.M. by Mayor Woodall in the Monument Middle School Multi-Purpose Room, 95 Center St., Rio Dell, CA.

ROLL CALL: Present: Mayor Woodall, Councilmembers Dunker, Marks, and Thompson

Absent: Councilmember Barsanti

Others Present: Interim City Manager Stretch, Chief of Police Hill, Finance Director Beauchaine, Acting Director of Public Works Jensen, City Clerk Dunham, Assistant Contract City Engineer Perry, and Contract City Planner Williamson

STUDY SESSION MATTERS

Mayor Woodall thanked everyone for coming and announced the purpose of the study session was to discuss and receive community dialog on Scotia Annexation and to present facts about Scotia Annexation vs. formation of a CSD.

Interim City Manager Stretch began by explaining he would be providing a power point presentation on why the City feels that annexation of Scotia to Rio Dell would be more beneficial to the residents of Scotia than the formation of a Community Services District (CSD). He said he went out and personally toured both communities and captured pictures of both communities including housing, commercial and industrial areas and common sites such as the bridge that brings the communities together.

He referred to the handouts that were distributed prior to the start of the meeting on *Comparison Facts About Annexation to Rio Dell vs. Scotia CSD Formation May 2010* and touched on a couple of important points stating that basically when you think about annexation it is really simple; under annexation the City organizational structure already exists, it is cheaper for the future property owners in Scotia, and it provides a more efficient delivery system. Key points listed were as follows:

- CSD duplicates staff
- CSD duplicates equipment
- CSD has to finance equipment, vehicles, and office furnishings
- CSD rents office space whereas the City of Rio Dell already has office space
- The City of Rio Dell receives special revenue to fund services that CSD's do not
- CSD charges special assessments estimated at \$200/month per resident to fund the CSD
- More than \$5 million in infrastructure costs will be charged to future property owners

- CSD residents will pay twice for services; once when taxes are paid and when they pay the monthly assessment
- Economics of Scale favor annexation
- Consolidation saves Scotia millions of dollars for wastewater system
- Wastewater and drinking water don't mix; the City's freshwater intake is only ½ mile downstream
- Issues with Police service; the CSD proposal does not address the need for police services
- Annexation will be beneficial to Rio Dell for numerous reasons

In closing, it was noted that the City is ready, willing and able to provide its well established services to Scotia, while at the same time preserving its unique company town character. Annexation is by far the least expensive option and the full range of services can be efficiently delivered by people in our local community. The two communities have always pulled together when needed and this is not the time to pull apart. Residents were encouraged to reject Marathon Corporation's self-serving developer's spin as to what is best for Scotia and recognize that the residents do have a choice and the opportunity to do it our way.

At the conclusion of the presentation, Mayor Woodall opened a public hearing to receive comments and questions from the public.

Dave Griffith, questioned the numbers for the average cost of water and sewer monthly charges and expressed opposition to the annexation.

Kelly Patton, referred to the two previous annexations into the City; Eel River Sawmills Site, and Blue Slide Road and stated they were both messed up and now are huge liabilities to the City and said anyone who thinks that capital improvements are free is a fool. He suggested anyone can make numbers on charts look anyway they want them to. Interim City Manager Stretch argued that the two annexations were not messed up and there were no legal challenges pending. In regard to the Eel River Sawmill site annexation, he noted the City was working with the developer to clean up the site under an EPA Brownfield grant and doing everything possible to put that property into production.

Gordon Johnson, 165 S. Sequoia Ave., 32 year resident of Rio Dell asked if the City of Rio Dell has the capacity to add 800 services to the current wastewater treatment system; and what the assessed valuation of Scotia was as compared to Rio Dell. Interim City Manager Stretch stated the City of Rio Dell does has the capacity to handle Scotia's wastewater however our current system is not "state of the art" which is part of the reason for the planned wastewater improvements; and said he did not know what the current assessed valuation of the homes were but the assessments from 1975 valued the average home in Scotia at \$41,300; making Rio Dell valuations much more realistic. He commented that the documents produced by the Town of Scotia indicated the homes were expected to be sold between \$175,000 to \$225,000.

Steve Willis, 14 year resident of Rio Dell and 25 year resident of Scotia commented that Scotia homes are not up to code and lacked double paned windows and insulation and said he couldn't see how it would help Rio Dell to annex Scotia and asked how the wastewater would be moved to Rio Dell and what would happen in the event of a flood. Merritt Perry responded to his questions stating that the wastewater would be piped across the bridge and that earthquakes were always a factor when designing a project.

Dave Gonzales, 161 Second Ave. and Chair of the Planning Commission asked why the City wasn't building a big enough wastewater treatment plant to serve both communities and said it seemed logical that LAFCo would want to see a cost analysis of formation of a CSD as well as the cost of a wastewater treatment plant that would serve both communities. He pointed out that Rio Dell's public works department is awesome at making things happen and asked what the elevation of Scotia was in comparison to Metropolitan. Merritt Perry stated he would put together the numbers on those elevations.

Muriel Spencer, 715 Walnut Dr. asked three questions: 1) do Rio Dell residents have a vote on annexation; 2) if Scotia doesn't want us to annex, why are we bothering; and 3) do we currently provide police protection to Scotia.

Interim City Manager Stretch stated Rio Dell residents have a vote or voice through their City Council.

Chief of Police Hill stated that Rio Dell does not provide police protection to Scotia except as standby for the Sheriff's Department, stating that the City had 66 documented calls for agency assist the previous year in which no revenue was generated for those services.

Interim City Manager Stretch stated that in order for the Town of Scotia to be developed, it must be subdivided which requires they go through the process. Also needed is a form of governance which the City of Rio Dell can provide. He said the decision will be forever and he fears that the formation of a CSD consisting of 800 residents will have a tendency to fail. What the City of Rio Dell is trying to do is talk to the residents from both communities and present the true facts and if it is determined that annexation is not the preferred choice, they should make their voices heard at the LAFCo public hearing. He said when something is prone to fail, it is hard for a public agency to keep quiet.

Nathan Williams, asked what the cost would be to Rio Dell residents; Interim City Manager Stretch explained that adding 800 residents to a base of 3,200, would actually reduce costs however actual comparisons had not yet been done.

Andrew Gonzales, 153 Elko St. referred to the presentation regarding the estimated number of calls for service and asked how those numbers were tracked; Chief of Police Hill said he took the average call volume and divided that number by four.

Andrew Gonzales then asked of the additional public works staff recommended with annexation, how many of those would be entry level employees; Acting Public Works Director Jensen explained a minimum of 2-4 extra public works employees would be needed and that his recommendation would be to retain the current Scotia plant operator and hire field workers with Water Distribution Licenses.

Guy Lamb, stated he lived in Scotia for 24 years and in Rio Dell since 1993 and said he wasn't sure about the annexation but felt that if something seems too good to be true it probably is. He said as far as having a vote; residents do have a vote, they can sign a petition at the Scotia office if they oppose annexation.

John Lane, 1249 Riverside Dr., said his initial thought was that annexation was a marvelous idea but was curious about what would evolve in the way of governance and if there would be one or two governing bodies with annexation.

Interim City Manager Stretch stated as far as the governmental structure, there would be one City Council and it would seem likely there could be one or more Scotia residents on the City Council.

Joey Sancho, 44 year resident of Rio Dell said he heard the Interim City Manager speak about the reasons for annexation but was interested in hearing what the City Council members had to say. He then asked if the \$17,670,400 for capital improvements of Scotia would be financed through bonds, and commented that Rio Dell residents needed protection against assuming any of those costs. He then asked what the plan was for increasing capacity of the City's wastewater treatment plant. Merritt Perry stated the City was currently planning for a 20 year projected growth rate. George Williamson explained the growth rates throughout the county are factored in to come up with a realistic number as well as the amount of developable land.

Interim City Manager Stretch explained the capital improvements of \$17,679,400 required as part of the planned subdivision of the town of Scotia would be picked up by the developer under the annexation proposal; under the CSD proposal the developer would pick up only \$12,670,000, leaving the \$5,009,400 balance as a charge to the future property owners and residents which would be financed through a bond which equates to \$63.00 per month per resident to pay off the long-term debt.

Dean Smither, stated that he had done several subdivisions in the City of Rio Dell and constructed 30-40 homes and just like Marathon, he wouldn't be here if he wasn't making money doing what he is doing. He pointed out that the residents living in Scotia now are renters and more than likely not the same residents who will be purchasing the homes. He compared planning and building services between the County of Humboldt and the City of Rio Dell and stated that an average subdivision in the City takes 6 months whereas in the County takes 2 years. Along the same note, approval of a building permit for new construction generally takes less than one week in the City and more like 3 months in the County.

Jack Saffell, 10 year resident of Scotia and 20 year resident of Rio Dell expressed concern about running the pipeline under the bridge for wastewater because of potential floods and earthquakes.

Merritt Perry explained with annexation the City would design a plan for inclusion of the 100 year flood plan and that staff had discussed the option of running the pipeline across the new bridge as opposed to the Eagle Prairie Bridge.

Carol Hill, 1010 Pine St. said she was concerned about the two fire departments and stated Scotia Fire Department has been in existence longer than the Rio Dell and that she didn't think one fire department could take care of both communities. She expressed opposition to annexation stating that if Rio Dell can't keep up maintenance on its own streets how would they maintain Scotia's.

Interim City Manager Stretch stated approximately 72% of Scotia's roads were scheduled to be dug up to replace infrastructure and would be repaved. He also noted that the City would receive Gas Tax funding to maintain the roads if annexed.

Joe Timmerman, 223 Ogle Ave. asked if it was true that the final assessment of costs had not been completed and stated that Rio Dell residents want assurance that they will not take on any financial burden for Scotia. He also asked who would be making the final decision on the annexation proposal versus CSD. George Williamson explained the assessment is the responsibility of the applicant (Town of Scotia) and that an impartial decision on the annexation will be determined by the LACCo Board. Mr. Timmerman said it sounds like annexation is a great plan for Scotia residents but it must also be good for Rio Dell residents and reiterated that it cannot cost Rio Dell residents a dime.

Jim Barsanti, Rio Dell Fire Commissioner said he just wanted to point out that the Fire District consists of volunteers and is totally independent of the City.

John Broadstock, Scotia Fire Chief commented that there has been talk about potential consolidation of the two fire departments but it is not needed stating that they will help each other no matter what.

Sharon Wolfe, 3 Painter St. stated for clarification that the vote before LAFCo scheduled for May was postponed until June and encouraged citizens to attend and voice their opinion. She further stated the City has spent approximately \$50,000 and the past two years specifically on a wastewater treatment facility plan to be told that it is not feasible to move the wastewater plant to metropolitan. She asked when she could expect to see the City's annexation proposal to LAFCo.

Interim City Manager Stretch explained that millions of dollars was saved by not moving the wastewater facility to Metropolitan and that the City was in negotiations with Mozzetti to acquire land for irrigation of its wastewater effluent.

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George Williamson said there was not a specific date as it depended on actions of the Planning Commission and City Council.

Leroy Martinelli, asked why this matter was not brought to the citizens of Rio Dell for a vote; City Manager Stretch explained that typically annexations are not voted on by the people but handled at the legislative level.

John Coleman, Monument Road stated from what he could see the City was trying to get out information to the public and he didn't see a brick wall keeping Rio Dell and Scotia as two communities. He pointed out that there are businesses on both sides of the bridge; he shops in those businesses; he knows people from both sides of the bridge and likes people from both sides. He said if he were a developer he would be capitalizing on what he could get out of it which is what Marathon is doing. In asking if Rio Dell has something to gain, he said the answer is yes; an additional 800 residents to share costs. He said in his opinion annexation would benefit both communities and he couldn't see why we can't work things out and become one community now and forever.

Dave Griffith, asked if it was correct to assume that Rio Dell residents don't get a choice in the matter of whether Scotia is annexed and suggested citizens gather signatures on a petition.

Joey Sancho asked why the City was pursuing annexation when Rio Dell residents have not been asked if they want annexation and noted that the City Council works for the people and should listen to what they have to say. He said he still hasn't heard completely how Rio Dell will benefit from annexation.

Mayor Woodall commented that the City Council has been discussing the possibility of annexation for months and only a few citizens attend council meetings, pointing out that the Council doesn't know what the citizens want if they don't come to meetings and express their concerns. She said part of the reason she is in favor of annexation is because Rio Dell is a bedroom community and in need of more commercial and industrial business. She said her kids attended Scotia school and it's a wonderful community. The Council is here tonight to hear comments and concerns from the communities and get information out there so that everyone has the correct facts. She reminded everyone in the audience that they are invited to attend Council meetings and that the meetings are recorded and televised and agendas and council packets are posted on the City's web site.

Councilmember Dunker commented that Council members e-mail addresses are posted on the City's web site and telephone numbers are in the phone book and any time anyone wants to discuss annexation or any other matter they are encouraged to contact their council members.

May Abrahams, Scotia resident said a number of years ago when the CSD process began she accessed a pamphlet on the process and learned that residents do have a vote. She thanked the

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Council for having the public meeting and said she went on line and read the minutes from previous meetings and found it very helpful. She said she found Councilmember Thompson's comment interesting when he said that he walked the town of Scotia and talked with residents and that a majority of them were in favor of annexation; Councilmember Thompson stated for clarification that he had done that approximately four years ago.

May Abrahams said she trusted LAFCo to have the insight to make an informed decision on CSD versus annexation and in regard to duplication of staff, she said there are many Rio Dell residents who work for the Town of Scotia and said she would not like to see any of those positions cut.

Sharon Wolfe, 3 Painter St. stated if LAFCo receives 51% in protest letters from residents, a vote can be called on the annexation.

There being no further public comment or business to discuss, Mayor Woodall thanked everyone for attending and adjourned the meeting at 8:30 P.M.

Julie Woodall Mayor

ATTEST:

Karen Dunham, City Clerk